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## **CITY OF NORFOLK**

### **Flow of Funds Requirements**

The following requirements must normally be satisfied before the City of Norfolk provides funds to grantees for approved programs:

1. The grantee must have an executed contract with the City of Norfolk.
2. The grantee must have a fidelity bond in a reasonable amount on all employees and other persons responsible for the receipt, custody, and disbursement of programs assets. Evidence of this bond should be submitted to the City.
3. The grantee must complete a grants monitoring checklist to be reviewed by the City's Finance Department.
4. The grantee must submit the most current audit report prepared by an independent firm of Certified Public Accountants, if it has been audited. If not, it must undergo an examination of its accounting system by City staff. An on-site inspection may be deemed necessary for certain grantees based on risk analysis and assessment. All other grantees will be subject to an in-house review. The audit report or, if applicable, the results of the examination must be approved by the Director of Finance in order to certify that the grantee can operate on a one-time advance or on only a reimbursement basis before funds are disbursed. The following basic requirements should be met in order to satisfy an accounting systems examination:
  - a. The grantee should maintain a current organization chart.
  - b. Monies related to the activity for which the City grant is provided must be segregated in a separate bank account and not commingled with non-related grantee cash. Adequate provisions must be made for safeguarding any amounts greater than FDIC insurance coverage. The City recommends (but does not require) that a minority-owned bank be used.
  - c. The grantee must set up payroll records, if required.
  - d. The grantee should maintain written policies covering purchase orders and contracts as well as policies governing administrative practices such as employment, salary and wages rates, working hours, holidays, fringe benefits, vacation and sick leave privileges, and travel.
  - e. The grantee must set up accounting records to record financial transaction. Accounting records normally should include at a minimum a Cash Receipts Register, a Cash Disbursements Register, a Payroll Register, A General Journal, Subsidiary Ledgers and a General Ledger. Accounts must be established to enable the grantee to classify and report expenditures by the object codes used in the project budget, which is attached to the contract.

- f. The grantee must have adequate internal control procedures to ensure that a separation of duties within the accounting cycle is clearly identifiable.
- 5. Under certain circumstances, some of the above requirements may be eliminated or modified.